

Message Text

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PAGE 01 BELGRA 00104 091016Z

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AMCONSUL ZAGREB

UNCLAS BELGRADE 0104

E. O. 11652: N/A

TAGS: BEXP YO

SUBJ: ZAGREB SPRING FAIR

FOR BERYL COHEN OIM/BIC

REF: STATE 2407

1. BROCHURES FROM TOTAL CONCEPTS RECEIVED. COMPANY CAN WRITE DIRECTLY TO DUNAV, APATIN WITH COPY TO BUSINESS ASSOCIATION AND THE EMBASSY.

A. ING. DJURO KRNETA, GENERAL DIRECTOR
ING. DUSAN SAVIC, COMMERCIAL DIRECTOR
DUNAV INDUSTRIJA ZA PRERADU DRVETA
TRG OSLOBODJENJA 9, PP 11
25260 APATIN, YUGOSLAVIA

B. ING. JEREMIJA JEFTIC, DIRECTOR OF BUSINESS ASSOCIATION
POSLOVNO UDRUZENJE DRVNE INDUSTRIJE
(BUSINESS ASSOCIATION OF WOOD INDUSTRY-SERVIA)
KNEZA MILOSA 54
11000 BEOGRAD, YUGOSLAVIA

2. GLOBE MACHINERY - CHIPBOARD AND PLYWOOD MANUFACTURING EQUIPMENT. STRONGLY ENCOURAGE GLOBE TO PARTICIPATE. THOUGH RECENT INVESTMENTS AND CURRENT EXPANSION PLANS MAY CREATE EXCESS CAPACITY, THERE ARE CLEARLY, SOLID EXPORT OPPORTUNITIES WHICH GLOBE
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PAGE 02 BELGRA 00104 091016Z

WOULD BE REMISS NOT TO SEIZE. USDOC MAY WISH PASS FOLLOWING

MARKETING INFORMATION TO GLOBE.

A. A FEW YEARS AGO DEMAND FAR OUSTRIIPPED SUPPLY OF CHIPBOARD IN YUGOSLAVIA. THIS TRIGGERED NEW INVESTMENTS IN THE FIELD. IN THE LAST TWO YEARS SEVERAL CHIPBOARD FACTORIES WERE BUILT (SPACVA IN CROATIA OPENED ITS NEW 20,000 CUBIC METER PLANT ONLY LAST NOVEMBER; TWO NEW FACTORIES WERE BUILT IN SLOVENIA); AND IN SERBIA SPIK IVANJICA REPORTEDLY HAS CONCLUDED TENTATIVE AGREEMENT TO PURCHASE TECHNOLOGY AND EQUIPMENT FOR A NEW 70,000 CU. M. PLANT. SERBIAN AUTHORITIES SOMEWHAT CONCERNED OVER PROSPECT OF EXCESS CAPACITY, BUT THIS PLANT WILL GO AHEAD, WITH TRIAL RUN EXPECTED IN MID-'76 IF AGREEMENT IS FIRMED UP. INDUSTRY SOURCES, HOWEVER, INDICATE THIS MIGHT NOT BE FINAL YET, AND THERE STILL MAY BE A CHANCE TO COMPETE. WRITE TO:

ING. MILIJAN BERBATOVIC, DIRECTOR GENERAL
SPIK IVANJICA
VENIJAMINA MARKINKOVICA B.B.
32250 IVANJICA, YUGOSLAVIA

B. IN CROATIA THERE ARE AT LEAST TEN NEW CHIPBOARD PLANTS IN A PLANNING STAGE, BUT CROATIAN CHAMBER OF ECONOMY WARNS THAT ALL CANNOT GET GREEN LIGHT. CROATIAN AUTHORITIES CONTEND THAT EXISTING CAPACITY, PLUS TWO PLANTS ALREADY UNDER CONSTRUCTION, PLUS TWO NEW PLANTS OF 70,000 CU-M CAPACITY EACH, SHOULD BE ENOUGH TO SATISFY DEMAND EXPECTED BY 1980. IN CROATIA, THERE ARE ALSO SOME PLANS TO EXPAND VENEER PRODUCTION, BUT DETAILS ARE NOT READILY AVAILABLE.

C. WHEN ALL PLANS ARE ADDED TOGETHER, YUGOSLAVIA SHOULD HAVE CHIPBOARD CAPACITY OF 1,946,000 CU. M. BY 1980. AT THE SAME TIME CONSUMPTION IS ESTIMATED AT ONE MILLION CU. B. BY 1980. THAT IS WHY AUTHORITIES CAUTION AGAINST OVERCAPACITY, BUT INVESTORS SEEM TO BE CARRIED AWAY BY MEMORIES OF BULLISH DEMAND OF TWO YEARS AGO. FURTHER, THE AUTHORITIES CAUTION NOT ONLY AGAINST THE OVERCAPACITY, AND PERHAPS SLACKENING DEMAND, BUT ALSO POINT OUT THAT MANY INVESTORS ARE COUNTING ON THE SAME SOURCE OF RAW MATERIAL. AN AVERAGE INVESTMENT IN A CHIPBOARD PLANT IS ABOUT \$15 MILLION, AND THIS KIND OF MONEY SHOULD NOT BE SQUANDERED ON UNNECESSARY UNCLASSIFIED

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PAGE 03 BELGRA 00104 091016Z

CAPACITY.

D. BREAKDOWN OF PLANS AND PRESENT CAPACITY: TOTAL CAPACITY BY 1980 OF 1,936,400 CU. M. OF CHIPBOARD -

SLOVENIA - 500,000 /NOW 300,00 - ADDITIONAL 200,000/

SERBIAN - 500,000

BOSNIA - 500,000

CROATIA \$ 300,000 /NOW 160,000 - ADDITIONAL 140,000/

MONTENEGRO - 60,000 /NOW 12,000 - ADDITIONAL 48,000/

MACEDONIA - 45,000 /NOW 30,000 - ADDITIONAL 15,000/

EXPANSION OF EXISTING FACILITIES WILL ACCOUNT FOR REST
OF PLANNED CAPACITY BY 1980.

E. GIVEN CONCERN OVER EXCESS CAPACITY, QUESTIONS FOR U.S.,
EXPORTERS IS WHICH EXPANSION PLANS WILL MATERIALIZE. AT
PRESENT WE SEE FOLLOWING SPECIFIC OPPORTUNITIES:

(1) 48,000 CU. M. CHIPBOARD PLANT:

ING. VELIMIR VUKOVIC, DIRECTOR GENERAL
MELIMIR JAKIC SUMSKO INDUSTRIJSKI KOMBINAT
STRAZICA B.B., PP 12
84210 PLJEVLJA, YUGOSLAVIA

(2) 15,000 CU. M. CHIPBOARD PLANT:

MR. KIRO MARKOVSKI, DIRECTOR GENERAL
TRESKA PRETPRIJATIE ZA DRVNA INDUSTRIJA
IVO RIBAR LOLA 130, PP 92
91001 SKOPJE, YUGOSLAVIA

(3) 30,000 CU. M. CHIPBOARD PLANT:

MR. MILAN JOVANOVIC, DIRECTOR
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PAGE 04 BELGRA 00104 091016Z

SLOBODAN JOVIC SUMSKO INDUSTRIJSKI KOMBINAT
TRG VELJKA DUGOSEVICA 3, PP 16
12240 KUDEVO, YUGOSLAVIA

(4) 100,000 CU. M. CHIPBOARD PLANT:

MR. SMILJKO MILADINOVIC, DIRECTOR
MORAVA SUMSKO GAZDINSTVO
NARODNOG FRONTA 7
35000 SVETOZAREVO, YUGOSLAVIA

(5) 55,000 CU. M. CHIPBOARD PLANT:

MR. MIHAJLO STOJILJKOVIC, DIRECTOR
JUJNI KUCAJ SUMSKO INDUSTRIJSKO PREDUZECE

MARSALA TITA 172, PP 32

19001 ZAJECAR

F. GLOVE SHOULD ALSO BE INTERESTED TO KNOW THAT SLOBODAN
JOVIC KOMBINAT (SEE ABOVE) PLANS \$1.5 MILLION FACTORY
TO MANUFACTURE FIREPROOF PANELS FROM SAWDUST AND THERMO-
PLASTIC RESINS. PLANNED CAPACITY: 1,500 TONS ANNUALLY.
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